



## *Trade and Agriculture* **What's at Stake for North Dakota?**

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North Dakota is an important producer of agricultural products and a major exporter. In 2000, the value of its agricultural exports reached an estimated \$809 million and its farm cash receipts were \$2.7 billion. Exports help boost farm prices and income, while supporting about 11,600 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are important to North Dakota's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 30 percent in 2000.

North Dakota's top five agricultural exports in 2000 were:

- # wheat and products – \$311.6 million
- # soybeans and products – \$117.7 million
- # sunflower seed and oil – \$105.7 million
- # vegetables and preparations – \$98.2 million
- # feed grains and products – \$82.3 million

World demand for these products is increasing, but so is competition among suppliers. If North Dakota's farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *more open access* to growing global markets.

### **North Dakota Benefits From Trade Agreements**

North Dakota is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of market opportunities for North Dakota include:

- # North Dakota, the nation's second largest wheat producer, benefitted from limits set on subsidized wheat exports as a result of the Uruguay Round agreement. These limits influenced the European Union's decision to change its Common Agricultural Policy, ultimately lowering internal EU market prices to world price levels. As a result, annual EU wheat exports dropped from 22 million tons to about 14 million tons as lower market prices stimulated domestic use, and annual EU wheat imports jumped from 1.5 million tons to 4.5 million tons as the levied margin of protection fell. This translates to an 11-percent reduction in global export competition and a 3-million-ton increase in the EU market, half of which is supplied by the United States.

- # As the nation's No. 1 sunflower grower, North Dakota benefits under the Uruguay Round agreement from a 50-percent reduction in Japan's tariffs and a 40-percent reduction (phased in by 2004) in South Korea's tariffs on sunflower oil. Sunflower oil exports to both countries combined were valued at \$800,000 in 2000.
  
- # North Dakota, among the nation's top 10 vegetable producers, benefitted under the North American Free Trade Agreement when Mexico converted its import licensing system for corn to a transitional tariff rate quota that will remain in effect until 2008. Under this system, the volume of U.S. corn exports to Mexico has nearly tripled since 1994, reaching 197 million bushels valued at \$486 million in 2000. Under the Uruguay Round agreement, the Philippines converted its import ban on corn to tariffs. This change helped support additional demand for 51 million bushels of U.S. corn from 1995 to 2000.